

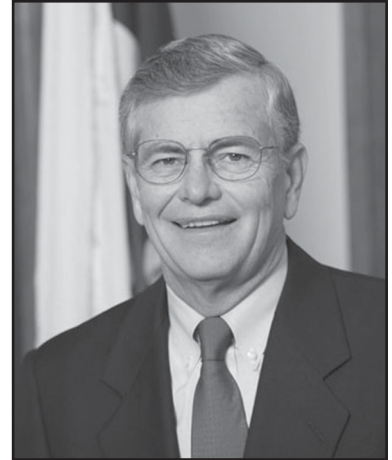


TEXAS HOUSE OF REPRESENTATIVES

TOM CRADDICK
SPEAKER

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Dear Constituents,

With the end of 2004 right around the corner, the Texas Legislature is gearing up for the start of the 79th Legislative Session in January. I have been busy traveling between Midland and Austin since the Legislature last met in May in preparation for the upcoming session.

The Constitution requires the Legislature to meet for 140 days every two years. During that time, we address thousands of bills and, as usual, the 79th Legislature will have a full plate of issues to consider.

Our primary responsibility during each regular session is to write a balanced state budget for the next two years while making sure that your tax dollars are used effectively and efficiently. We balanced the budget in 2003 without raising taxes, even while facing a \$10 billion shortfall. The economic forecast for Texas looks brighter going into the next session, but I promise that House members will be good stewards of your tax dollars.

Two other major items will dominate our agenda in 2005: public school finance and the workers' compensation system for injured workers.

A state district court judge in Austin ruled in September that the state's "Robin Hood" system of financing our public schools is unconstitutional. This comes as no surprise, as we were already working on a solution. In 2005, we must redouble our efforts to create a system that is equitable to students, their parents, educators and taxpayers.

As for the workers' compensation system, there is a consensus — among workers, their employers, insurers and health-care providers — that the system demands fixing. We hope to do that in 2005.

Scores of other issues will be addressed as well. I asked 40 House committees to study 180 issues during the interim period between the 2003 legislative session and the coming session. These interim charges often are a blueprint for the Legislature's agenda. Notably special committees have been studying child welfare and foster care, health-care expenditures, construction industry-related workers' compensation rules and high school dropout rates.

In addition to working on important legislation, I commissioned the creation of a children's website that Nadine and I unveiled in September at Scharbauer Elementary School in Midland. This site -- www.kids.house.state.tx.us — is an excellent resource for parents and educators to teach our students about state government.

Inside this newsletter, I have included more information about the Website and the important legislation we will address next session. I hope you find it informative and helpful. I'm proud of the progress the Legislature has made this interim and I look forward to the progress we will make when the Legislature convenes in January.

As always, if there is anything I or my staff can do to help you or anyone you know with a state issue, please don't hesitate to contact my office. Serving you for the past 36 years has been my greatest honor. Thank you for giving me that privilege.

Sincerely,

Tom Craddick
State Representative, District 82
Speaker of the House

THE STATE BUDGET

The 78th Legislature had a tremendous challenge: a \$10 billion revenue shortfall that was announced the day before the Legislature met in January 2003. We overcame that, successfully balancing the 2004-2005 state budget without raising taxes. We spent less general revenue than the previous Legislature — the first time that has happened since World War II — and we saved programs to ensure services to our neediest citizens. Happily, I anticipate the 79th Legislature's economic forecast will be much better.

The state comptroller has given us many signs lately that we will be in better shape: Monthly sales tax receipts are up; the "rainy day fund" has replenished itself; and most of the comptroller's economic indicators have the state in the black — all signs of a rebounding economy. But until she announces the official revenue estimate, the Legislature will prepare for anything.

During the interim — that period between the close of business of the 78th Legislature until the 79th opens on Jan. 11, 2005 — legislative budget experts scour pages and pages of budget requests from state agencies, which then present their requests before review boards that make funding recommendations.

This careful process will help create the appropriations bill to be considered in the Legislature next year. Each session the bill originates in a different chamber. In the 79th Legislature, it will be the Senate's task. The House will also hold hearings and make changes in the bill, and they will have to be reconciled in House-Senate conference committee hearings later.

Aside from balancing the budget, our first priority in this and every legislative session, I believe, is to fund our public schools. While that is a major issue every session, there will be intense pressure during the 79th Legislature to put more money into public education (more on that later).

Other key budget issues will include funding the state's share of the federal-state health-care programs for the poor and people of modest incomes, Medicaid and the Children's Health Insurance Program, or CHIP. The state prison system, the Teacher Retirement System



and the state Employee Retirement System will make major demands on the budget. In addition, we will have to adjust for shortfalls in the current fiscal year and make up for one-time funding sources used last session.

All in all, things are looking brighter, but even though we are expected to have a better economic situation, that doesn't mean that the Legislature should be frivolous with taxpayers' dollars.

As speaker, I will continue to strive for fiscal responsibility and accountability. Our budget actions will continue to be prudent and deliberate and will adhere to a strict fiscal discipline. At the end of the day, the Legislature will balance a budget that promotes a stronger economy for Texas.

CAPITOL REPORT



Public Education

In a special session last spring, the 78th Legislature sought to find a solution to the public school finance problem, but we were unable to reach a consensus. Meanwhile, some school districts sought a solution through the courts. A Travis County state district court judge agreed with the districts in August, ruling that the current method of funding public schools is unconstitutional. The ruling is subject to appeal, but it intensified pressure to put more money into our schools.

While legislative committees have continued to work on the issue, we will have to redouble our efforts in the 79th session in order to find a solution to this complex problem. We are further motivated by the judge's October 2005 deadline for us to find a constitutionally acceptable solution.

The judge affirmed that the state needs to invest more money into our public schools. At the same time, we know that Texas property taxpayers need relief. Since property taxes are the chief method of funding our schools,

cutting them could potentially exacerbate the funding problem. While it's a huge challenge, we intend to find a way to put more money into our state's public schools AND exact a healthy measure of tax relief for property owners.

Meanwhile, the school reforms we proposed in a House bill last spring were sound and generally acceptable to House members. One in which I take pride is finding a system that accurately tracks and accounts for student drop-outs. We need more credible data in order to first assess roadblocks to graduation and then help more students overcome those roadblocks and earn their diplomas.

There does not seem to be wide disagreement on the education reforms. No, the main challenge is clearly on the funding side. I have asked Gov. Rick Perry to declare public school finance an emergency measure for the 79th Legislature. That will allow the Legislature to consider a public school finance bill as soon as possible.

Addressing education issues will continue to be the most important thing legislators do. Educating our children is the best investment the state can make to keep Texas competitive in the increasingly global economy. Next session, I expect the Legislature to make great strides to improve the educational opportunities available to all Texans.

Workers' Compensation Reforms

The Texas workers' compensation system is thoroughly broken. Skyrocketing health-care costs, excessive treatment and low patient satisfaction are undermining the system for workers and employers alike.

The Texas Workers' Compensation Commission is at the center of the criticism. Talk to anyone who has dealt with the workers' comp system and you'll hear stories of frustration and disappointment — from insurers, physicians, labor organizations,

employers and health-care providers and workers.

For example, Texas leads the nation in the number of treatments for the average injured worker, but too many of them never return to full health, or return to work. The national Work Loss Data Institute gave the Texas workers' comp system a D - grade and found Texas ranking worst in returning to work, delayed recoveries and disability duration.

Texas also has the highest average medical cost per workers' comp claim — a full 20 percent higher than the next highest state (New Jersey) and 250 percent higher than Kentucky, the lowest state. In fact, Texas' average workers' comp claim is twice that of the average California claim.

So while it's costing Texas taxpayers more than those in any other state, Texas workers are not getting better treatment or returning to work faster. Only those gaming the system benefit from Texas' broken workers' comp system while honest workers, employers and doctors suffer. Almost everyone agrees that the system demands reform. I do too.

The Sunset Commission recommended in September that the Workers Compensation Commission be disbanded and most of its responsibilities be transferred to the Texas Department of Insurance and the Texas Workforce Commission. The commission also recommended creating an independent Office of Employee Assistance to focus on getting injured workers the help they need to return to work sooner.

Other goals envisioned by the Sunset review include: to create a system that will provide adequate medical treatment to injured Texas workers; to deliver medical services in a timely and cost-effective manner; to return injured workers to the job as quickly as possible; and to reduce costs to employers by reducing time lost from injuries and additional training costs.

The ultimate solution will be up to the Legislature when we reconvene, but there clearly is consensus that a major overhaul of the workers comp system is in order.

Child Protective Services

The 79th Legislature will take very seriously the recent deaths of innocent children along with the other problems that have surfaced with Child Protective Services, or CPS. I was deeply disturbed at the results of a recent Health and Human Services Commission report on CPS. We will not accept this standard for the defense of children who cannot protect themselves.

During the interim, I commissioned a select committee to study child welfare and foster care issues even before the problems with CPS surfaced. The committee has been meeting and hearing expert testimony in addition to working closely with the House Human Services Committee. I expect recommendations from this interim committee to be comprehensive and enable the Legislature to consider changes with CPS, especially in the realm of foster care and investigation issues.

Gov. Perry recently ordered an inspector general's investigation into the agency and the day-to-day problems faced by CPS caseworkers. The inspector general's report will be welcomed by legislators as we draft legislation to correct these problems.

Implementing the recommendations that will come from these investigation will help the department focus its resources on hiring more caseworkers and retaining experienced staff, enacting proper training and complying with set policies and procedures. With reform, CPS will be able to curtail future abuse and improve the caseworkers' ability to protect children from abuse and neglect.

Similarly, I expect that the inspector general for Adult Protective Services will have recommendations for the Legislature to improve care for our senior citizens and disabled Texans.

Tort/Medical Malpractice Reform

Proposition 12, overwhelmingly approved by Texas voters last September, made sweeping lawsuit and medical malpractice reforms by setting limits on non-economic damage awards to physicians and other health-care providers.

We're now seeing positive results, particularly in rural areas and highly litigious areas such as the Rio Grande Valley where numerous lawsuits were driving physicians out of business or at least out of town. The Valley Star in Harlingen recently led off a report on Prop. 12 by saying: "Medical specialists aren't flocking to the border, but at least they aren't leaving." The story went on to say that malpractice reforms "are bringing real relief to doctors and improving patient care."

The damage limits are having another intended benefit: lowering the cost of medical malpractice insurance. The state's leading insurer of doctors, the Texas Medical Liability Trust, has lowered its rates by 12 percent and announced recently that it would lower rates by another 5 percent next year.



Speaker Craddick (left) studies a floor amendment during the public education finance debate with Reps. Jim McReynolds, Lufkin (center), and Jim Pitts, Waxahachie.

Government Consolidation

House Bill 2292, which we passed in 2003, has ushered in revolutionary cost-saving changes to health-care systems and agencies. The recent consolidation of 12 social services agencies down to five, the centerpiece of HB 2292, is both making it easier for Texans to find services and saving the state money that would have been spent on all the administrative functions that 12 agencies require.

Texans unsure of who to contact for services can call 2-1-1 for a local information center.

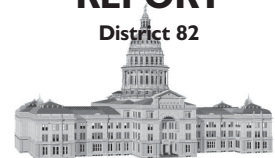


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CAPITOL REPORT

District 82



Speaker and Mrs. Craddick with Governor Perry at the Caring for Children golf tournament. The tournament, held September 27 in Austin, raised \$120,000 to fund immunizations for Texas children.



The State

★ The Legislature passed a congressional redistricting bill in 2003 that was verified by the federal courts. This action resulted in a new 11th Congressional District in the Permian Basin-San Angelo corridor that will be represented by a new member of Congress beginning in January.

★ The governor, lieutenant governor and I have been busy with requests for assistance from the Texas Enterprise Fund, which was created to help Texas compete for new jobs. To date, the economic development fund has provided \$171 million in incentives to create an estimated 15,000 jobs across Texas. More than 120,000 jobs have been created this year in Texas, another sign that the economy is improving.

★ Supreme Court Justice Wallace B. Jefferson was recently nominated by Gov. Perry to replace Tom Phillips as chief justice. Jefferson is the Texas Supreme Court's first African American chief justice. I have every confidence that he will be a great chief justice.

★ The governor appointed a new Texas Education Agency commissioner, Shirley Neeley, the former superintendent of the Galena Park School District. Neeley is the first female commissioner of education in Texas.

Kids' House:

www.kids.house.state.tx.us • www.kids.house.state.tx.us • www.kids.house.state.tx.us

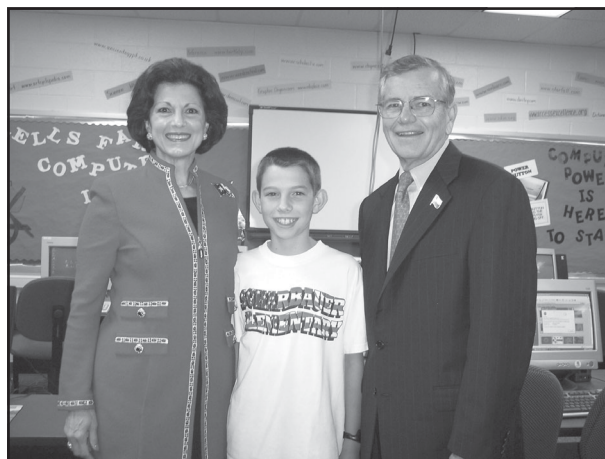
My wife, Nadine, and I recently unveiled the new Kids' House website. This event, at Scharbauer Elementary School in Midland, was the culmination of 18 months of intense work by the House web administrator, who worked closely with teachers all over Texas to design a site that ties in with the public school curriculum. Kids' House includes informational material appropriate for students in the first-through-eighth grades, and offers exciting insights into state government.

Kids' House features information about state government, elected state officials and state laws, including how laws are written. It also includes a video tour of the State Capitol and has links for teachers and students to related websites on Texas history and other vital information.

Technology teachers all over Texas are spreading the word through cyberspace and thousands of visitors have already visited this interactive website. I encourage everyone, including parents, to take a tour. The website address is:

www.kids.house.state.tx.us.

Let us know what you think!



Speaker and Mrs. Tom Craddick with Tyler Rhoads at the unveiling of the Kids' House website.





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2004 CAPITOL ORNAMENT




Amid much excitement and anticipation, my wife, Nadine, and Texas actress Janine Turner introduced the 9th Annual Capitol Ornament in September at a Capitol news conference. This year's ornament — suitable for a Christmas tree or other adornment — captures the image of the interior of the Capitol Dome in a beautiful three-dimensional representation finished in 24-karat gold.



The Texas Capitol Ornament Project originated in 1996 and has raised \$2.6 million dollars to date for Capitol preservation and to maintain and restore priceless historical artifacts. Ornament sales also fund Capitol Visitors Center exhibits that educate young (and old) Texans and out-of-state visitors about Texas history.

Mrs. Nadine Craddick, Janine Turner, Janine's daughter, Juliette Gauntt, and her mother, Janice Gauntt, present the 2004 Capitol ornament.

The 2004 ornament is now available online at www.TexasCapitolGiftshop.com and in the Capitol Visitors Center, the Capitol Gift Shop or in the Texas State History Museum for \$16 apiece. The eight other ornaments (1996-2003) in the series are also available to add to or start a collection. For further information, call 1-888-678-5556. 

HELPFUL NUMBERS

Attorney General, Consumer Protection	1-800-337-3928	National Domestic Violence Hotline	1-800-799-7233
America's Crisis Pregnancy Helpline.....	1-800-672-2296	Nursing Home Complaints and Information	1-800-458-9858
American Cancer Society	1-800-227-2345	Runaway Hotline	1-800-392-3352
Child, Disabled, & Elder Abuse Hotline	1-800-252-5400	State Tax Information & Lottery Information	1-800-252-5555
Child Support Enforcement	1-800-252-8014	Texas Crime Stoppers	1-800-893-8477
Comptroller of Public Accounts	1-800-531-5441	Texas Department of Insurance	1-800-578-4677
Drug & Alcohol Abuse Hotline	1-800-252-6465	Voter Registration/Eligibility/Elections	1-800-252-8683
Governor's Citizen Assistance Hotline	1-800-843-5789	Women's Advocacy (Legal Assistance)	1-800-777-3247
Income Assistance, AFDC, & Food Stamps	1-800-252-9330	Worker's Compensation Commission	1-800-252-7031
Medicare	1-800-442-2620	Railroad Commission of Texas	1-877-228-5740



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